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**METROPOLITAN STORES**  
**OF CANADA LIMITED**

*Annual* **REPORT**  
**FISCAL YEAR ENDED JANUARY 31, 1971**

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**1971**



## METROPOLITAN STORES OF CANADA LIMITED

HEAD OFFICE: 1370 SONY PLACE, FORT GARRY, WINNIPEG 19, CANADA

ADMINISTRATIVE OFFICES: 3075 TRANS-CANADA HIGHWAY, POINTE CLAIRE 700, QUE.

### DIRECTORS

Edson Boyd	Partner — Richardson Securities of Canada	Winnipeg, Man.
Albert D. Cohen	President of General Distributors Limited	Winnipeg, Man.
Samuel N. Cohen	Vice-Chairman of Metropolitan Stores of Canada Limited	Winnipeg, Man.
Morley M. Cohen	President of Metropolitan Stores of Canada Limited	Montreal, Que.
Michael Greenberg	President of Greenberg Stores Limited	Westmount, Que.
Melvin L. Greenberg	Executive Vice-President of Greenberg Stores Limited	Mount Royal, Que.
F. N. Hughes	Partner — Richardson Securities of Canada	Winnipeg, Man.
G. R. Hunter, Q.C.	Partner — Pitblado, Hoskin & Co.	Winnipeg, Man.
J. H. Unger	Retired — Former President of Metropolitan Stores of Canada Limited	London, Ont.

### OFFICERS

Albert D. Cohen	Chairman of the Board of Directors
Samuel N. Cohen	Vice-Chairman of the Board of Directors
Morley M. Cohen	President
Norman Radun	Vice-President — Merchandising
R. P. Fraser	Vice-President — Store Operations
Murray Heselton	Comptroller
Sterling R. Lyon, Q.C.	Secretary
Glen Shepherd	Assistant Secretary
R. Keith Fraser	Assistant Secretary

REGISTRAR AND TRANSFER AGENT

### NATIONAL TRUST COMPANY LIMITED

250 PORTAGE AVE., WINNIPEG

AUDITORS

### MCDONALD, CURRIE & CO.

RICHARDSON BLDG., ONE LOMBARD PLACE, WINNIPEG



## METROPOLITAN STORES OF CANADA LIMITED

### HIGHLIGHTS OF RESULTS

#### 1971 Fiscal Year

	1971	1970	Change
SALES	\$68,974,551	\$64,659,238	\$4,315,313
Earnings before income taxes	4,550,636	4,091,775	458,861
Net earnings for the year	2,194,936	2,018,369	176,567
Preferred dividends paid	338,705	359,450	(20,745)
Per share	1.30	1.30	
Earnings per common share	2.18	1.94	.24
Depreciation charges	1,305,011	1,229,219	75,792
Merchandise inventories	10,597,997	10,599,522	(1,525)
Working capital	5,407,878	4,890,961	516,917
Number of preferred shareholders	2,170	2,253	(83)
Number of common shareholders	983	1,054	(71)
Number of stores at year end	157	160	(3)



# REPORT OF DIRECTORS

To the Shareholders of  
Metropolitan Stores of Canada Limited:

As the company enters the 10th anniversary of its Canadian-owned status, your Board of Directors is pleased to report the conclusion of a successful year of operations. Satisfactory increases in sales and earnings were achieved at a time when the Canadian economy generally was experiencing relatively slow growth. Your Board is therefore gratified to be able to present in this report the details of growth and expansion of your company's assets and operations and looks forward with optimism to good results in the current fiscal year.

## EARNINGS

Earnings for the year ended January 31st, 1971, were \$2,194,936. as compared with \$2,018,369. in the previous year. After dividend payments of \$1.30 per share on the preferred shares, 1961 and 1967 series, earnings from operations were \$1,856,231., an increase of \$197,312. or 12% over 1970 earnings of \$1,658,919. These earnings are the equivalent of \$2.18 per common share as compared to 1970 results of \$1.94 per common share.

## SALES

Sales of your company in the year reported on were \$68,974,551., an increase of 6.7% over sales of \$64,659,238. in 1970.

## STORE EXPANSION AND DEVELOPMENT

As predicted in the 1970 Annual Report, fiscal 1971 has been a year of consolidation and moderate ex-

pansion in the company's store development programme. Two new Met outlets, each of approximately 30,000 sq. ft. gross area, were opened at Grande Prairie, Alberta, and Antigonish, Nova Scotia; and Saan Stores Ltd. added a new 8,000 sq. ft. store at Langley, B.C. While Greenberg Stores Limited opened no new stores, expansions at Boulevard Shopping Centre, Quebec City St. Joseph St. and Trois-Rivieres increased floor space in that chain by approximately 26,000 sq. ft. Met similarly expanded its existing stores at Kelowna, B.C., and Glace Bay, Nova Scotia, and Saan added a total of 6,000 sq. ft. to its stores at Abbotsford, B.C., and Sherwood Park, Alberta.

The past year saw a continuation of the policy of integrating Met lunch counters and hard lines into an additional three Greenberg stores and two Saan stores.

Although the store development programme was moderate in 1970, planning and negotiations for new outlets was accelerated. Your Board is pleased to advise that six new Metropolitan stores, one Saan store and one Greenberg store are in process of confirmation for opening in 1971. The new units will include a 30,000 sq. ft. Met store in Gander, Newfoundland. This will be Met's first retail store in that province and will give the company for the first time representation in each of Canada's ten provinces. These anticipated additions to the Met-Greenberg-Saan chain will provide a further 200,000 sq. ft. of floor space to the company's gross selling area which at year end was 1,900,000 sq. ft.

Five Met stores of the smaller and marginally profitable category, having a total gross floor area of 32,000 sq. ft., were closed in 1970 as was one Saan store in Richmond, B.C., where the lease was surrendered. Although at the fiscal year end, there were three less stores in the chain than in the previous year, the gross floor area of the company's retail premises was increased.



Your Board is gratified to advise that the company's main construction program of 1970, the erection of the new head office and warehouse for Saan Stores Ltd. in Metropolitan Winnipeg has been successfully completed. The 22,000 sq. ft. of office space will accommodate the Winnipeg head offices of the Metropolitan Stores of Canada Limited and the parent company, General Distributors of Canada Ltd. Saan and General Distributors Limited will share the 56,000 sq. ft. of modern warehouse facility built in conjunction with the new plant. The most up-to-date merchandise processing equipment has been installed, including a complete overhead suspended semi-automatic rail system, motorized and gravity conveyors, automatic package strapping and motorized fork lifts. The company's nine acre site in Fort Garry's Industrial Park ensures ample space for future expansion of all facilities.

### PERSONNEL

W. J. Young, formerly Vice-President — Property at Pointe Claire, Que., has been appointed Executive Vice-President of Saan Stores Ltd. and will be based in Winnipeg head office. Mr. Young brings to his new executive responsibilities 36 years of merchandising and property management experience with your company.

### DIVIDENDS

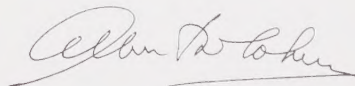
The fixed rate of \$1.30 per annum was paid on the company's cumulative redeemable preferred shares, 1961 and 1967 series. The policy of the company with respect to payment of dividends on the common shares continues as in the past, namely: that, for the purposes of growth and expansion, re-investment of company earnings is considered to be in the best interests of the company and its shareholders.

### IN APPRECIATION

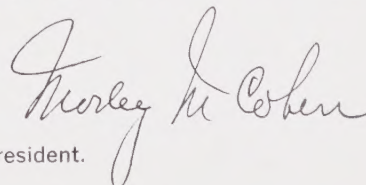
Your Board is ever mindful of the great contribution which the company's loyal staff, its suppliers, and customers make to the company's continued success. To all, the Board extends its thanks and appreciation.

### THE FUTURE

Predictions for the national economy in 1971 indicate an anticipated 6% growth in the G.N.P., divided almost equally between real growth and inflation. There are encouraging signs that the economy will enjoy more stability, with lower interest rates and hopefully a decrease in unemployment by mid-year. While 200,000 sq. ft. of new selling space will be available to the company during 1971, some of the new outlets will not open until the fall. Your Board anticipates another year of growth for the company.



Chairman of the Board of Directors.



President.

Winnipeg, Canada.

March, 1971.





CONSOLIDATED  
BALANCE SHEET  
AS AT JANUARY 31, 1971

## ASSETS

### CURRENT

	1971 \$	1970 \$
Cash and short-term deposits	2,343,755	2,141,913
Receivables	384,504	325,420
Inventories — at lower of cost or net realizable value	10,597,997	10,599,522
Prepaid expenses	304,680	334,694
	<u>13,630,936</u>	<u>13,401,549</u>

### FIXED

Land — at cost	5,467,749	5,518,087
Buildings, fixtures and equipment — at cost		
less accumulated depreciation (note 2)	11,187,797	9,346,327
Leasehold improvements — at cost less amortization	1,530,172	1,355,654
	<u>18,185,718</u>	<u>16,220,068</u>

### OTHER

Deferred charges and sundry investments	192,744	263,160
Excess of purchase price over equity in net assets of a subsidiary at date of acquisition	2,776,648	2,776,648
	<u>2,969,392</u>	<u>3,039,808</u>

SIGNED ON BEHALF OF THE BOARD

*Albert Cohen*

Director

*Samuel N. Cohen*

Director

34,786,046

32,661,425

### AUDITORS' REPORT

We have examined the consolidated balance sheet of subsidiaries as at January 31, 1971 and the consolidated source and use of working capital for the year then ended of the accounting procedures and such tests of accounts as we considered necessary in the circumstances. In our opinion these consolidated financial statements represent fairly the financial position of the companies as at January 31, 1971 and the results of operations and capital for the year then ended, in accordance with the basis consistent with that of the preceding year.

MARCH 5, 1971



**METROPOLITAN STORES  
OF CANADA LIMITED  
AND SUBSIDIARIES**

## LIABILITIES

### CURRENT

Bank advances  
Accounts payable and accrued liabilities  
Income and other taxes  
Long-term debt instalments due within one year

### LONG-TERM DEBT (note 3) DEFERRED INCOME TAXES

1971 \$	1970 \$
3,683,031	4,067,807
3,795,538	4,071,060
484,974	313,460
259,515	58,261
8,223,058	8,510,588
6,239,804	5,499,319
549,433	451,858
15,012,295	14,461,765

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Authorized (note 4)  
Issued and fully paid —  
130,733 preferred shares, 1961 series  
(1969 — 136,170)  
122,240 preferred shares, 1967 series  
(1969 — 130,910)  
852,921 common shares

2,614,660	2,723,400
2,444,800	2,618,200
4,751,026	4,751,026
9,810,486	10,092,626

### RETAINED EARNINGS

Appropriated for redemption of preferred shares  
under the terms thereof and in respect of  
preferred shares redeemed as required by  
law (note 5)  
Unappropriated (note 6)

585,340	476,600
9,377,925	7,630,434
9,963,265	8,107,034
19,773,751	18,199,660
34,786,046	32,661,425

## THE SHAREHOLDERS

Metropolitan Stores of Canada Limited and its sub-  
statements of earnings and retained earnings and  
ended. Our examination included a general review  
counting records and other supporting evidence as

s present fairly the financial position of the com-  
operations and the source and use of their working  
generally accepted accounting principles applied on a

McDONALD, CURRIE & CO.  
CHARTERED ACCOUNTANTS



# METROPOLITAN STORES OF CANADA LIMITED AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JANUARY 31, 1971

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies.

### 2. FIXED ASSETS

Buildings, fixtures and equipment and related accumulated depreciation are classified as follows:

	1971		1970	
	Cost	Accumulated depreciation	Net	Net
	\$	\$	\$	\$
Buildings	9,115,811	2,161,194	6,954,617	5,208,853
Fixtures and equipment	9,441,746	5,208,566	4,233,180	4,137,474
	<u>18,557,557</u>	<u>7,369,760</u>	<u>11,187,797</u>	<u>9,346,327</u>

### 3. LONG-TERM DEBT

This consists of:

	Instalments due within one year		Instalments due after one year	
	1971	1970	1971	1970
	\$	\$	\$	\$
Metropolitan Stores of Canada Limited				
Bank loan repayable in semi-annual instalments of \$100,000 bearing interest at prevailing bank rates	200,000	—	800,000	—
6 1/2% first mortgage sinking fund bonds, Series "A" having a sinking fund requirement of \$240,000 in 1971 and progressively increasing annual requirements to a final maximum payment of \$540,000 in 1984	240,000	220,000	4,955,000	5,195,000
Less: Bonds purchased in advance	<u>240,000</u>	<u>220,000</u>	<u>49,000</u>	<u>289,000</u>
	—	—	4,906,000	4,906,000
Metropolitan Stores of Canada Limited				
6 3/4% mortgage payable by 1984 in monthly instalments of principal and interest of \$3,759	19,515	18,261	373,804	393,319
Greenberg's Department Stores (1962) Ltd.				
5% unsecured notes payable in annual instalments of \$40,000	40,000	40,000	160,000	200,000
	<u>259,515</u>	<u>58,261</u>	<u>6,239,804</u>	<u>5,499,319</u>

### 4. CAPITAL STOCK

Authorized —

472,240 preferred shares of the par value of \$20 (decreased during the year by the redemption and cancellation of 8,670 shares, 1967 series) of which 150,000 are designated as the 1961 series and 122,240 as the 1967 series. Each series is entitled to a fixed cumulative dividend of \$1.30 per annum; the 1961 series is redeemable at \$21.25 per share and the 1967 series is redeemable at \$21.25 per share to November 1, 1977 and thereafter decreasing 25 cents per share in succeeding years to \$20.50 after November 1, 1979.

1,500,000 common shares without nominal or par value.

### 5. APPROPRIATED RETAINED EARNINGS

Appropriated retained earnings consist of the following:

	1971	1970
	\$	\$
Amounts set aside for the redemption of preferred shares under the terms thereof:		
1961 series	100,000	100,000
1967 series	100,000	100,000
Amount set aside as required by law equal to the par value of the preferred shares, 1961 series, redeemed (5,437 shares during the year)	385,340	276,600
	<u>585,340</u>	<u>476,600</u>

### 6. DIVIDEND RESTRICTIONS

The provisions of the Trust Deed securing the first mortgage sinking fund bonds, Series A, restrict the payment of dividends on common and preferred shares under certain conditions relating to the working capital and ratio of long-term debt and lease commitments to consolidated net tangible assets.

The payment of dividends is presently not restricted by these requirements which are exceeded by a substantial margin.

### 7. LEASE COMMITMENTS

Rentals paid on property leases for the year ended January 31, 1971 amounted to \$3,082,518 (1970 — \$2,656,774).

Minimum annual rentals in subsequent years on long-term property leases in effect at January 31, 1971 are:

Year ended January 31	Minimum annual rental
1972	\$1,915,000
1973	1,839,000
1974	1,727,000
1975	1,644,000
1976	1,540,000

Certain of these leases provide for additional rental based on sales. In addition, other leases are in effect providing for the payment of rental based on sales.

### 8. REMUNERATION OF DIRECTORS AND OFFICERS

	1971	1970
Number of directors	9	9
Aggregate remuneration of directors as such	\$10,800	\$10,800
Number of officers of whom 3 are also directors	10	11
Aggregate remuneration of officers as such	\$234,400	\$226,700



**METROPOLITAN STORES OF CANADA LIMITED  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS  
FOR THE YEAR ENDED JANUARY 31, 1971**

	1971 \$	1970 \$
SALES	68,974,551	64,659,238
COSTS AND EXPENSES		
Cost of goods sold, selling, general and administrative expenses	62,691,775	58,914,199
Depreciation of fixed assets and amortization of leasehold improvements	1,305,011	1,229,219
Amortization of deferred charges	63,095	49,663
Interest on long-term debt	364,034	374,382
	64,423,915	60,567,463
	4,550,636	4,091,775
PROVISION FOR INCOME TAXES		
Current	2,258,125	2,044,688
Deferred	97,575	28,718
	2,355,700	2,073,406
NET EARNINGS FOR THE YEAR	2,194,936	2,018,369
RETAINED EARNINGS — BEGINNING OF YEAR	8,107,034	6,448,115
	10,301,970	8,466,484
Dividends on preferred shares	338,705	359,450
RETAINED EARNINGS — END OF YEAR	9,963,265	8,107,034
EARNINGS PER COMMON SHARE	2.18	1.94

**CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL  
FOR THE YEAR ENDED JANUARY 31, 1971**

	1971 \$	1970 \$
SOURCE OF WORKING CAPITAL		
Net earnings for the year	2,194,936	2,018,369
Items not affecting working capital —		
Depreciation of fixed assets and amortization of leasehold improvements and deferred charges	1,368,106	1,278,882
Deferred income taxes	97,575	28,718
Provided from operations	3,660,617	3,325,969
Long-term bank loan	1,000,000	—
	4,660,617	3,325,969
USE OF WORKING CAPITAL		
Additions to fixed assets — net	3,270,661	1,539,308
Increase (decrease) in other assets	(7,321)	20,555
Dividends on preferred shares	338,705	359,450
Purchase of 6½ % first mortgage sinking fund bonds	—	418,000
Instalments of other long-term debt due within one year	259,515	58,261
Redemption of preferred shares	282,140	245,900
	4,143,700	2,641,474
INCREASE IN WORKING CAPITAL	516,917	684,495
WORKING CAPITAL — BEGINNING OF YEAR	4,890,961	4,206,466
WORKING CAPITAL — END OF YEAR	5,407,878	4,890,961



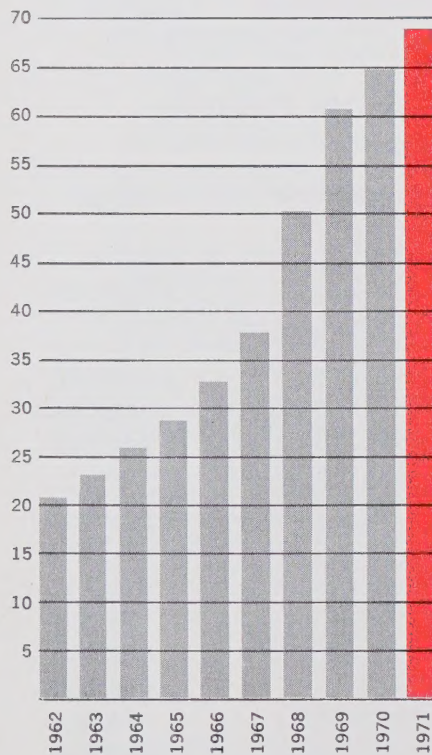
## FINANCIAL SUMMARY

In Thousands of Dollars  
1967 - 1971 and 1962 for Comparison  
Years Ended January 31

	1971	1970	1969	1968	1967	1962
Number of Stores	157	160	154	149	130	87
Sales	68,974	64,659	60,680	50,018	37,740	20,492
Earnings after tax	2,194	2,018	2,020	1,762	1,239	301
Preferred dividend	338	359	361	194	195	97
Earnings for common shareholders	1,856	1,658	1,659	1,567	1,044	204
Earnings per common share	\$2.18	\$1.94	\$1.94	\$1.83	\$1.22	27.8¢

### SALES

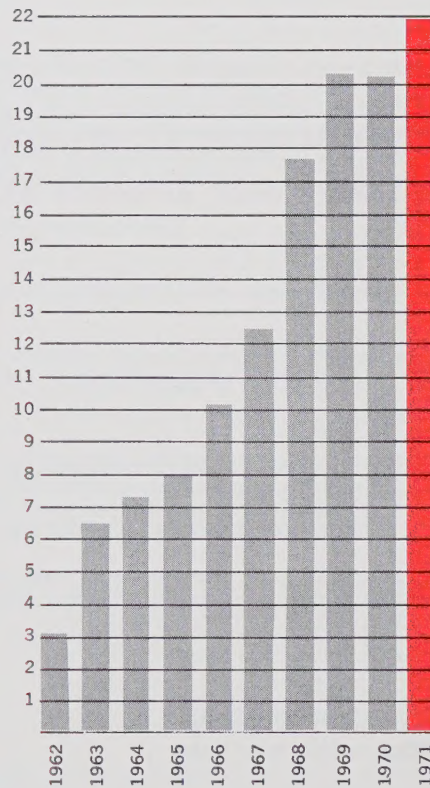
\$ MILLIONS



YEAR ENDED JANUARY 31st.

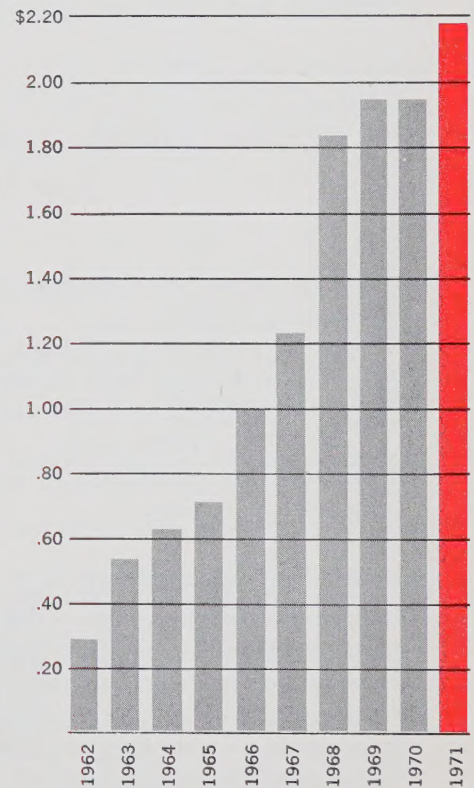
### EARNINGS

\$ HUNDRED THOUSAND



YEAR ENDED JANUARY 31st.

### EARNINGS Per Common Share



YEAR ENDED JANUARY 31st.



## LOCATIONS OF 79 METROPOLITAN STORES

### ONTARIO 30

Belleville  
Chatham  
Cobourg  
Cornwall  
Deep River  
Kingston  
Kirkland Lake  
Leamington  
London (3)  
Niagara Falls  
Orillia  
Oshawa  
Ottawa (2)  
Parry Sound  
Prescott  
Sarnia  
Stratford  
Thunder Bay (2)  
Tillsonburg  
Timmins

Toronto (2)  
Wallaceburg  
Windsor (3)

### BRITISH COLUMBIA 4

Kelowna  
Nanaimo  
Vancouver  
Victoria

### MANITOBA 4

Brandon  
Dauphin  
Portage la Prairie  
Winnipeg

### NEW BRUNSWICK 6

Bathurst  
Campbellton  
Fredericton  
Moncton (2)

Newcastle

### NOVA SCOTIA 19

Amherst  
Antigonish (2)  
Bridgewater  
Dartmouth  
Digby  
Glace Bay  
Greenwood  
Halifax (2)  
Kentville  
Liverpool  
Lunenburg  
New Glasgow  
North Sydney  
Sydney (2)  
Truro  
Yarmouth

### ALBERTA 4

Calgary

Edmonton  
Grand Prairie  
Lethbridge

### QUEBEC 4

Hull  
Quebec  
Rouyn  
Sherbrooke

### SASKATCHEWAN 6

North Battleford  
Prince Albert  
Regina  
Saskatoon  
Swift Current  
Yorkton

### PRINCE EDWARD ISLAND 2

Charlottetown  
Summerside

## LOCATIONS OF 54 SAAN STORES

### MANITOBA 5

Brandon  
Dauphin  
Portage la Prairie  
Swan River  
The Pas

### SASKATCHEWAN 17

Canora  
Esterhazy  
Estevan  
Humboldt  
Meadow Lake  
Melfort

Moose Jaw  
Nipawin  
North Battleford  
Prince Albert  
Regina  
Saskatoon (2)  
Swift Current  
Tisdale  
Weyburn  
Yorkton

### ALBERTA 13

Calgary (2)  
Camrose

Drumheller  
Edmonton (3)  
Fort Saskatchewan  
Grande Prairie  
Lethbridge  
Lloydminster  
Red Deer  
Stettler

### BRITISH COLUMBIA 19

Abbotsford  
Chilliwack  
Comox  
Cranbrook

Dawson Creek  
Fort St. John  
Kamloops (2)  
Kelowna  
Langley  
Nanaimo  
Nelson  
Penticton  
Port Alberni  
Powell River  
Prince George  
Revelstoke  
Vernon  
Westview-North Vancouver

## LOCATIONS OF 24 GREENBERG STORES

### QUEBEC 24

Chambly  
Granby  
Joliette

Levis  
Montreal (13)  
Quebec (2)  
St. Hyacinthe

St. Jean  
St. Jerome  
St. Therese  
Three Rivers

MET

